

Message Text

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ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 AID-20 EB-11 CIEP-02

TRSE-00 STR-08 OMB-01 CEA-02 NIC-01 DRC-01 SAJ-01

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 8605

INFO AMEMBASSY BUDAPEST

AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY TEHRAN

AMEMBASSY WARSAW

USMISSION BERLIN

USMISSION NATO BRUSSELS

C O N F I D E N T I A L BONN 16187

E.O. 11652: GDS

TAGS: GW, UR, EIND, EMIN, ENRG, ETRD, EFIN

SUBJECT: FOREIGN MINISTER SCHEEL'S MOSCOW VISIT:

ECONOMIC ASPECTS

REF: A. BONN 15983 (NOTAL), B. MOSCOW 13845 (NOTAL)

1. AS FOLLOW UP TO REF A EMBOFF DISCUSSED THE ECONOMIC
ASPECTS OF FONMIN SCHEEL'S VISIT TO MOSCOW WITH FRAU
WANNOW, USSR DESK OFFICER IN THE
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OFFICE OF EAST-WEST ECONOMIC RELATIONS IN THE FOREIGN

OFFICE. FRAU WANNOW REPORTED THAT ECONOMIC ISSUES OCCUPIED A GOOD PORTION OF SCHEEL'S CONVERSATIONS WITH BOTH KOSYGIN AND GROMYKO. SHE SAID THAT THE PRINCIPAL TOPIC OF DISCUSSION IN EACH CASE WAS LONG-TERM PROJECTS ON WHICH SOVIET UNION IS INTERESTED IN WEST GERMAN COOPERATION.

2. WANNOW SAID THAT THREE SPECIFIC PROJECTS WERE DISCUSSED IN SOME DETAIL. THE FIRST WAS FOR THE DEVELOPMENT OF NATURAL GAS DEPOSITS IN THE ORENBURG AREA. THE GAS WOULD BE PIPED TO KUIBYSHEV WHERE IT WOULD BE LIQUIFIED AND THEN SHIPPED TO AN UNSPECIFIED BALTIC PORT. THE SECOND PROJECT WAS FOR NATURAL GAS IN IRAN WHICH WOULD BE PIPED TO THE BLACK SEA PORT OF BATUMI FOR LIQUIFICATION THERE. IT IS NOT CLEAR IF THIS IS THE SAME PROJECT REFERRED TO IN BONN 15594 WHICH ENVISAGED A PIPELINE THROUGH TURKEY. THE THIRD PROJECT RELATED TO IRON ORE DEPOSITS IN THE KURSK AREA (SEE BONN 16617, 1972). FRAU WANNOW NOTED (AS IN REF B) THAT THE SOVIETS HAD REVERSED THEIR EARLIER POSITION AND NOW SUPPORTED THE IDEA OF DEALING WITH A CONSORTIUM OF WESTERN FIRMS ON EACH PROJECT BUT THEY INSISTED THAT THE PROJECT HAVE ONE SPECIFIC HEAD COMPANY WITH WHOM THEY COULD DEAL.

3. WANNOW SAID THAT SOVIETS DID NOT DWELL ON THE ISSUE OF FINANCING IN DISCUSSING THESE PROJECTS. SHE SAID THEY DID MENTION IN CONJUNCTION WITH THE KURSK PROJECT THAT "FINANCING IS TOUGH" BUT THAT SCHEEL RESPONDED THAT THERE WOULD BE NO DIRECT GOVERNMENT CREDITS AVAILABLE FOR THIS PROJECT ONLY THE NORMAL GUARANTEES. IN ANOTHER REFERENCE TO FINANCING KOSYGIN INQUIRED ABOUT THE POSSIBILITY OF USING THE MASSIVE GERMAN RESERVES TO HELP FINANCE SOME OF THESE PROJECTS. SCHEEL, WHOSE BRIEFING MATERIALS CONTAINED NO HINT OF SUCH A SUGGESTION, REPLIED THAT THE FRG WOULD CONSIDER THIS MATTER.

4. WANNOW SAID THAT SCHEEL RAISED THE QUESTION OF THE IMBALANCE IN FRG/SOVIET TRADE AND WONDERED WHAT
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THE SOVIETS MIGHT DO TO REDRESS THIS IMBALANCE. SHE SAID GROMYKO RESPONDED THAT THE USSR WOULD CONSIDER THE POSSIBILITY OF INCREASING ITS DELIVERIES OF OIL AND GAS TO THE FRG.
HILLENBRAND

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